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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 12/01/09

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1) TOP HEADLINES

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Mainichi:

Government to "constantly" check for wasteful spending

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2) EDITORIALS

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(2) Environment tax: It's time for prime minister to make decision

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(1) Extension of Diet session by only four days appalling

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Yomiuri:

(1) Take every possible measure to prevent economy from deteriorating further

Nikkei:

(1) Current situation in Diet disappointing

(2) China urged to raise value of yuan

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(1) Come up with consistent policy for dealing with rising yen, falling stocks

(2) Extension of Diet session by four days: Hatoyama's attempt to put end to false donation statements regrettable

Tokyo Shimbun:

(1) Hatoyama might be aiming to cover up donation scandal through modest Diet extension

(2) Guilty verdict in leaflet-distribution case might lead to restricting freedom of expression

Akahata:

(1) Verdict in leaflet distribution case by "guardian of the Constitution" comes under heavy fire

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, November 30

NIKKEI (Page 2) (Full)
December 1, 2009

07:37 Met Deputy Chief Cabinet Secretary Yorihiisa Matsuno at the

Prime Minister's Official Residence (Kantei)
09:16 Meeting with Matsuno, followed by meeting with Okinawa Governor Hirokazu Nakaima
11:03 Met International Prize for Biology awardee Dr. Winslow Briggs and wife at the Japan Academy in Ueno Park, with Education Minister Tatsuo Kawabata present. Later attended a meeting with the Emperor and Empress, followed by an award ceremony for International Prize for Biology
13:03 House of Councillors plenary session, followed by a meeting with hepatitis patient group. Health Minister Akira Nagatsuma was also present
14:01 House of Councillors plenary session
16:23 Met with National Strategy Minister Naoto Kan, Finance Minister Hirohisa Fujii, Senior Vice Finance Minister Yoshihiko Noda, and others at the Kantei. Later met Foreign Minister Katsuya Okada and Defense Minister Toshimi Kitazawa
17:48 Met Sergey Naryshkin, chief of the Russian presidential office

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18:18 Met State Minister for Administrative Reform Yoshito Sengoku and Hideki Kato, secretary general of the Government Revitalization Unit (GRU). Later attended GRU meeting
20:36 Met Kan, Fujii, Chief Cabinet Secretary Hirofumi Hirano, Sengoku, and others. Kan and Hirano stayed behind
21:39 Arrived at his official residential quarters

4) Okada to visit Okinawa

YOMIURI (Page 4) (Full)
December 1, 2009

Foreign Minister Okada plans to visit Okinawa Prefecture on a two-day schedule from Dec. 4 to exchange views with local residents on the issue of relocating the U.S. Marine Corps' Futenma Air Station. Later this week, before his Okinawa visit, Japan and the United States will also hold a second meeting of their intergovernmental working group involving their foreign and defense ministers.

While in Okinawa Okada will exchange views with the local community in the island prefecture's northern coastal city of Nago, where the Futenma base is currently planned to be relocated, and also in the prefecture's southern city of Itoman. There are no U.S. military bases in Itoman, but Okada will visit there since the ruling Democratic Party of Japan won a seat there in this summer's general election for the House of Representatives.

5) Hashimoto mulls accepting Futenma relocation to Kansai airport

ASAHI (Page 11) (Full)
Eve., November 30, 2009

On the pending issue of relocating the U.S. Marine Corps' Futenma Air Station in Ginowan, Okinawa Prefecture, Osaka Gov. Toru Hashimoto has indicated that he would consider Kansai International Airport as a candidate site to take over the heliport functions of the U.S. Marine Corps' Futenma Air Station. "If there is a formal proposal from the government, then I'd like to consider it basically in the direction of accepting (discussions)," Hashimoto told reporters this morning. "This is my personal view," he said, adding that there has been no formal request from the government yet. However, Hashimoto also implied that he would consider the using Kansai International Airport for military aircraft and utilizing Kobe Airport as well, while giving thought to hosting some of the Futenma-based aircraft's training missions as a measure to reduce aircraft noise at the Kadena base.

The Futenma problem is now in its final stage, and Hashimoto's offer to accept Futenma relocation to Kansai International Airport will likely have repercussions.

6) Okada meets U.S. military's top brass, hopes to settle Futenma issue within the year

ASAHI (Page 4) (Full)

December 1, 2009

Foreign Minister Okada met yesterday at the Foreign Ministry with U.S. Pacific Command (PACOM) Commander Willard. In the meeting, Okada, referring to the pending issue of relocating the U.S. Marine Corps' Futenma Air Station in Okinawa Prefecture, said he "would

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like to settle the problem before the year is out if possible."

7) Prospects for solution to Futenma relocation issue still uncertain after PM Hatoyama's meeting with Okinawa governor

YOMIURI (Page 4) (Full)
December 1, 2009

Prime Minister Yukio Hatoyama held formal talks with Okinawa Governor Hirokazu Nakaima on the relocation of the U.S. forces' Futenma Air Station in Okinawa on Nov. 30, thus beginning his personal involvement in coordinating this issue. However, prospects for finding a middle ground between public opinion in Okinawa seeking the relocation of the Futenma base out of the prefecture or out of Japan and the U.S. side, which is demanding a solution according to the existing relocation plan, remain uncertain.

Hatoyama told reporters that he promised the governor that he will be consulted again before a final decision is made. He said: "I informed (the governor) that I will maintain close contact and make a decision that will reduce the burden on the Okinawan people as much as possible."

He also told Nakaima that he will wait for the conclusion of the Japan-U.S. cabinet level working group consisting of the foreign and defense ministers before making his decision.

Ahead of the meeting on Nov. 30, Hatoyama also had an unofficial meeting with Nakaima at his official residential quarters on Nov. 27. It is believed that he wanted to get a sense of whether it is possible to make a decision based on the current plan to relocate Futenma to the coastal area of Camp Schwab (in Nago City) before the end of the year.

The U.S. government has consistently asserted that there can be no option other than the existing plan agreed upon by the two governments in May 2006. U.S. Ambassador to Japan John Roos visited Okinawa for the first time after assuming his post on Nov. 30 and had a meeting with Nakaima. Roos stressed that the current plan is the "best and most viable option."

Meanwhile, Nakaima will find himself in a very difficult position if the incumbent mayor of Nago, who has accepted the current relocation plan, loses the mayoral election in January. While he merely asked Hatoyama for assistance to "remove the danger posed by the Futenma base as soon as possible" at his meeting with the Prime Minister, a senior Okinawa Prefectural Government official explained that this was meant to ask him to "make a decision based on the existing plan as soon as possible."

Active maneuvering is also taking place within the government. After his meeting with Nakaima, Hatoyama met Foreign Minister Katsuya Okada and Defense Minister Toshimi Kitazawa at the Prime Minister's Official Residence (Kantei). Okada had told Admiral Robert Willard, commander of U.S. Pacific Command, at an earlier meeting at the Ministry of Foreign Affairs that "we will do our best to reach a solution before the end of the year."

However, Social Democratic Party (SDP) leader Mizuho Fukushima stated unequivocally at the Ministerial Committee on Basic Policies meeting held at the Kantei in the late afternoon that if a decision based on the existing relocation plan is made, she will "oppose this

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firmly." She demanded the creation of a working group on Futenma relocation under the Ministerial Committee. People's New Party

leader Shizuka Kamei supported her. If Hatoyama makes a decision based on the current plan before the end of 2009, there is the view, according to a top political appointee in a ministry, "that the SDP will play the leave-the-coalition card, which might destabilize the administration's political base.

8) U.S. to seek settlement of Futenma before year's end; Okinawa, SDP call for moving Futenma out of prefecture

ASAHI (Page 2) (Excerpts)
December 1, 2009

The issue of relocating the U.S. Marine Corps' Futenma Air Station (in Ginowan, Okinawa) will reach a critical stage before the end of the year. A Japan-U.S. cabinet-level working group will come to some sort of conclusion after winding up its verification work as early as mid-December. There is practically no chance of the U.S. side accepting Japan's call to fundamentally review the bilateral agreement to move the air station to the Henoko district in Nago in the prefecture.

What decision will Prime Minister Yukio Hatoyama make? There are calls for a settlement by mid-December when the U.S. Congress will enter the Christmas recess. A delay in a decision is likely to adversely affect U.S. congressional deliberations on the budget that includes funds related to the realignment of U.S. forces, inevitably taking a toll on Japan-U.S. relations. But if the Prime Minister accepts the Henoko plan, he will be criticized for breaking his promise to move the air station at least out of the prefecture.

Hatoyama met with Okinawa Gov. Hirokazu Nakaima at the Prime Minister's Official Residence (Kantei) yesterday. "The people of Okinawa have been shouldering a heavy burden," Hatoyama said to Nakaima, who has expressed a willingness to accept the Henoko plan conditionally. "Since the new administration was launched, the sentiments of the people of Okinawa have been shifting to (relocating the air station) outside the prefecture." Hatoyama thus admitted that the "sentiments of the people of Okinawa" - an element he values highly - are now leaning toward moving the Futenma functions out of the prefecture.

Contrary to what Hatoyama has been saying, discussion is underway in the cabinet premised on the existing Henoko relocation plan.

Yesterday evening, a three-person meeting was held at the Kantei among Hatoyama, Foreign Minister Katsuya Okada, and Defense Minister Toshimi Kitazawa. They are believed to have discussed strategies for reaching a settlement. Arrangements are being made for senior foreign and defense ministry officials to visit the United States again this week to finalize new measures to reduce the burden with the U.S. side.

If Hatoyama decides to accept the Henoko plan, the Social Democratic Party (SDP), which opposes relocating Futenma to a site within Okinawa, might opt for leaving the coalition administration. This might further complicate the Futenma issue, for which the Japanese government, Okinawa, and the U.S. government must be in agreement to being with.

9) Fukushima: SDP opposes current Futenma relocation plan

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TOKYO SHIMBUN (Page 2) (Excerpts)
December 1, 2009

In a meeting of the Ministerial Committee on Basic Policies yesterday, Social Democratic Party (SDP) President Mizuho Fukushima voiced her opposition to the current plan to relocate the U.S. Marine Corps' Futenma Air Station in Ginowan City, Okinawa Prefecture, to a coastal area of U.S. Camp Schwab in Nago City.

Fukushima said: "After the ministerial-level Japan-U.S. panel reaches a conclusion (on the existing plan), even if the conclusion is brought to the Ministerial Committee on Basic Policies, we will definitely oppose it." She then proposed setting up a working group

under the ministerial committee, remarking: "Proper discussions have not been conducted in the cabinet on such options as relocating the Futenma facility outside the prefecture or the nation. Including these options, we should discuss various plans in a serious manner."

Deputy Prime Minister Naoto Kan replied: "We will actively take this proposal into consideration," but the government is likely to have difficulty in coordinating views within the coalition.

10) U.S. serviceman believed to be involved in hit-and-run incident refusing to appear for questioning by Okinawa Prefectural Police - unexpected situation under SOFA

ASAHI (Page 12) (Abridged slightly)
Evening, November 30, 2009

Atsushi Matsukawa, Kumiko Yamane

A 27-year-old staff sergeant of the U.S. Army in Okinawa, who is believed to be involved in a hit-and-run incident that occurred in the village of Yomitan, Okinawa, on Nov. 7, has been refusing to appear for questioning by the prefectural police on a voluntary basis, an unusual situation. Under the Japan-U.S. Status of Forces Agreement (SOFA), Japanese law enforcement authorities are in principle not allowed to arrest a U.S. service member in the custody of the U.S. side on the premise of the U.S. military's full cooperation in investigations. If a request is rejected, Japanese law enforcement cannot even question a suspect. The case this time has exposed an unexpected loophole.

The prefectural police have asked the U.S. military for its cooperation regarding the incident. Identifying the staff sergeant as a suspect, a U.S. military investigative body has placed him under its supervision.

The prefectural police interviewed the staff sergeant as a potential suspect for three days from Nov. 11 on a voluntary basis. But the staff sergeant has been refusing to appear for questioning on a voluntary basis since Nov. 14. Japanese investigative authorities planned to send papers on him to the public prosecutors' office after conducting questioning and then to have his custody handed over to the Japanese side after the prosecutors' office indicted him in accordance with the framework of the SOFA. This plan has now fallen through.

In the past, one U.S. military serviceman, a potential suspect, abruptly returned to the United States while the prefectural

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police's investigation was underway. In recent years, there have been no major problems in investigative cooperation with the U.S. military. "Investigations have gone well because questioning always went smoothly on a voluntary basis," an investigator said. "The disruption of the investigation results from a fundamental problem with the SOFA."

Representing the staff sergeant, attorney Toshimitsu Takaesu explained that the U.S. serviceman has been refusing to appear for police questioning because he was labeled as and treated like a criminal.

11) Government to postpone cargo inspection bill until next Diet session

MAINICHI (Page 2) (Full)
December 1, 2009

Among the government-sponsored bills submitted to the current Diet session, the government and the Democratic Party of Japan (DPJ) decided yesterday to put on hold a cargo inspection bill and a bill to maintain social insurance hospitals and koseinenkin (welfare) hospitals across the nation. They intend to enact the bills during the next ordinary Diet session. Following a decision made to extend the ongoing Diet session, senior members of the DPJ's Diet affairs committees in both houses of the Diet decided to postpone the bill

until the next session, and the government gave its approval.

The cargo inspection bill is aimed at allowing the Japan Coast Guard and custom houses to inspect cargo on vessels heading to and from North Korea if they suspect the vessels are carrying goods under embargo. Meanwhile, the Liberal Democratic Party (LDP) has submitted a countermeasure to the House of Representatives to enable the Maritime Self-Defense Force to be mobilized to handle situations that demand capabilities that the coast guard cannot offer. A senior DPJ member said: "We will conduct thorough deliberations on the matter with the LDP."

12) Chief Cabinet Secretary Hirano admits that government is looking into SDF dispatch to UNMIS

SANKEI (Page 5) (Full)
December 1, 2009

Chief Cabinet Secretary Hirofumi Hirano admitted yesterday that the government is looking into the possibility of dispatching a Self Defense Forces (SDF) unit with several hundred members to the United Nations Mission in Sudan (UNMIS) to take part in UN peacekeeping operations. He stated at a press conference yesterday: "We are discussing measures, including what kind of cooperation Japan can extend."

13) Screening of budgetary requests to identify wasteful projects -- nine days of a battle of words

ASAHI (Page 15) (Excerpt)
December 1, 2009

Defense Ministry
Requests turned down or put on hold

Request for an increase in Self-Defense Forces (SDF) personnel 7.2

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billion yen Budgetary earmarking put on hold. Whether the demand exists or not is unclear.
International peace cooperation center 2.7 billion yen Training can be provided without building new facilities.

Consolidated or curtailed projects

More efficient budget for SDF personnel's salaries by hiring younger people 2.1367 trillion yen To be reviewed, including the possibility of a budgetary cut. The matter requires discussion by the government

Requests related to the salary levels of employees of U.S. forces stationed in Japan and omoiyari yosan ("sympathy budget" or host-nation financial support) for the stationing of U.S. forces in Japan. 123.3 billion yen To be reviewed. Give consideration to regional balance.

Costs of rent, development, and repairs of information systems 85.3 billion yen 20-30 PERCENT cut. Review the order-placing system.

Costs of equipment, clothes, firearm, and ammunition. 47.9 billion yen To be reviewed, including the possibility of a budgetary cut. Reduce costs by employing an improved order-placement system.

Measures to deal with areas in the vicinity of SDF bases and subsidies for the consolidation and adjustments of areas in the vicinity of specified defense facilities 28.3 billion yen To be reviewed. Consider a method which base-hosting municipalities find convenient.

Public relations and recruitment activities of SDF 3.1 billion yen Budgetary cut. Narrow down to more effective projects.

Hold down costs at the stage of selecting equipment No mention of the amount of request To be reviewed. Cut costs, by using imported goods.

Accepted as requested

Procurement of equipment 865.5 billion yen Requires political decisions.

Level of rents for defense facilities 119 billion yen Obtain understanding of financial difficulties from landowners.

Measures for areas in the vicinity of SDF bases and soundproofing of residential houses 36.2 billion yen Project with high priority.

14) One trillion yen to be disbursed as financial assistance to small- and medium-sized businesses

NIKKEI (Top play) (Excerpts)
December 1, 2009

The government on Nov. 30 adopted a general framework for additional economic pump-priming measures to be included in the fiscal 2009 second extra budget. It also intends to spend roughly 900 billion yen for measures to combat global warming, expanding the budget from the originally estimated 2.7 trillion yen. As a measure to assist small- and medium-size businesses, it will disburse 1 trillion yen. It will also step up credit guarantees by 6 trillion yen and emergency loans by 4 trillion yen. It is also expected to come up with measures with immediate effects to undergird the economy. As a result, the initiative will likely exceed 10 trillion yen.

Outline of additional pump-priming measures

Small-and medium-sized businesses

Secure 1 trillion yen for actual fiscal spending (from the general

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account). Credit guarantees are to be stepped up by 6 trillion yen to a total of 36 trillion yen. Business areas eligible for a credit guarantee are to be expanded to cover nursing-care and other areas. The loan framework is to be stepped up by 4 trillion yen. Employment Make an all-out effort to maintain and create jobs. Ease requirements for receiving employment adjustment subsidies. To finance this policy, a total of 500 billion yen to be earmarked in the second extra budget and the fiscal 2010 principal budget. Strengthen assistance for job seekers' livelihoods and for job-seeking activities by students who will graduate next year. Environment Secure a total of 900 billion yen as measures to curb global warming. Main measures include supporting the dissemination of electric cars, creation of a housing-version of an eco-point system, and a subsidy for the purchase of an eco-car.

15) Prime Minister Hatoyama on fake donations: I will explain after the whole truth is disclosed; no intention to resign

NIKKEI (Page 1) (Excerpts)
December 1, 2009

During a House of Councillors plenary session yesterday, Prime Minister Yukio Hatoyama stated: "I will wait for a judicial judgment, and on the basis of the results I want to fulfill my duty as prime minister," indicating that he has no intention to step down from his post at this point. Hatoyama was replying to a question from Tsukasa Akimoto of the Liberal Democratic Party (LDP) about how he will take responsibility for the issue of fake political donations.

Hatoyama again expressed an apology for the alleged illegal contribution issue, saying: "I apologize from the bottom of my heart. I deeply regret my ignorance of the matter." He then said, "After the whole truth of the matter is disclosed, I will explain to the public based on the result," stressing that he will explain about the matter when the investigation concludes.

ROOS